GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:892
ANSWERED ON:27.07.2001
IMPACT OF REMOVAL OF QUANTITATIVE RESTRICTIONS
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Indian markets have been flooded with cheap foreign goods after the announcement of New Exim Policy and removal of quantitative restrictions on import as on March 31, 2001;

(b) if so, whether the Government have assessed the losses suffered by domestic traders/manufacturers as a result thereof;

(c) if so, the details thereof;

(d) whether the Government have constituted an inter-ministerial group to assess the impact of New Exim Policy and removal of quantitative restrictions on imports;

(e) if so, the details thereof;

(f) whether the said group has started its functions;

(g) if so, the assessment made by the group;

(h) the countries from which the import/dumping of consumer goods, electric goods, agricultural goods etc. has increased after the removal of quantitative restriction as on March 31, 2001 and upto what extent;

(i) whether the State Governments, Associations of traders, manufacturers, farmers and labourers have requested the Government to reconsider its decision and take immediate effective measures to stop flooding of cheap foreign goods in the Indian market; and

(j) if so, the response of the Union Government in this regard and the strategy being formulated by the Government to ensure that domestic small scale manufacturers may become competitive in the global market?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN)

(a) to (c) : Import restrictions on 714 items were removed on 31.03.2000. The import data of these 714 items for the year 2000-2001 have now been compiled. The import of these items during this period compared to the earlier year has shown a growth of less than 3%. The import restrictions on 715 items have been removed only on 31.03.2001. Thus, it is too early to assess the impact of this measure on domestic producers. However, the non-oil imports during the period April May 2001 have shown a negative growth of 14.66%.

(d) to (h) : The government has constituted an Inter Ministerial Standing Group consisting of Commerce Secretary, Revenue Secretary, Secretary (SSI and ARI), Secretary(Deptt. of Animal Husbandry and Dairying), Secretary (Department of Agriculture anc Cooperation) and Director General of Foreign Trade for tracking, collating and analyzing import data of 300 sensitive items.The group has already started functioning and analysed the import data of these 300 items for the months of April and May,2001. As per the analysis of the data conducted by the group it is seen that the total import of 300 sensitive items for the period April-May 2001 has shown a negative growth rate of 11% compared to the same period last year. At the micro level, imports indicate increase in respect of tea, coffee, spices, cotton etc. Based on the import data, the group has concluded that the overall picture that emerges from these quick estimates is one of normal trading activity in response to demand and supply factors. Import of these sensitive items do not show any unusual trend on the basis of country of origin. The data reveals increase in imports from Egypt, Ethyopia, Indonesia, Japan, Malayasia, Myanmar, Nepal, Philipines, Tanjania, Vietnam and Pakistan. Import of these sensitive items from China have registered a decline of 28%.

(i) and (j) : Representations have been received from some State Governments and Associations of Traders, Farmers etc.regarding the likely adverse impact of QR removal on them. However, the Government is aware of the emerging scenario for the SSI Units and has taken several steps to help them become globally competitive. These include special focus on areas such as technology up-gradation, infrastructure assistance through the cluster approach, timely availability of credit, adoption of modern management practices, use of electronic infrastructure, marketing and timely information dissemination including sensitization of small industries to the emerging challenges of trade liberalization.